

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

CONCEPTS

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

JUL 12 1963

C & R-PREP.

AREA
RESOURCE
DEVELOPMENT

PRINCIPLES

PROCEDURES

DECISIONS

ACTIONS

RDPA-14 (1/63)

Federal Extension Service
U.S. Dept. of Agriculture
January 1963

TABLE OF CONTENTS

	<u>Page</u>
FOREWORD	
THE NEED FOR DEVELOPMENT	1
Wide Variations Exist	1
ECONOMIC GROWTH IS UNEVEN	2
Recent Growth Rates	2
Resource Development is Complex and Interdependent	4
UNDERSTANDING SOME BASIC CONCEPTS	4
ORGANIZING FOR ECONOMIC DEVELOPMENT	7
SETTING UP THE DEVELOPMENT PROGRAM	10
Technical Assistance	10
INVENTORY RESOURCES	11
The People	11
Natural Resources--Usually Rural	12
Man-made Resources--Usually Urban Centered	12
ANALYZING POTENTIALS	13
What Are the Potentials?	14
SELECT PROJECTS	17
LEVELS OF DECISION	17
Decision at the Individual or Family Level	18
Decisions at the Municipal and County Level	18
Decisions at the Area Level	18
Decisions at the State Level	19
Decisions at the Federal Level	19
WORKING WITH PEOPLE	19
Local Initiative	19
Motivating People	20
Obstacles	21
SOURCES OF HELP	22

FOREWORD

Whenever local leaders feel that their area is lagging in providing jobs, opportunities for youth, or income necessary for an adequate level of living, they can organize themselves to work with and take advantage of the assistance provided by many Federal, State, and local organizations concerned with resource development. These development groups provide a mechanism to make professional know-how available to local people. Financial and technical assistance from many sources is available under special conditions.

The U. S. Department of Agriculture is committed to a broad scale program of economic development for rural areas. Closely complementing this effort is the program of the Area Redevelopment Administration of the U. S. Department of Commerce. Many other groups are joining hands to help local leaders achieve their development goals.

As the educational arm of USDA, the Extension Service is providing organizational and educational leadership for area development programs. Extension programs and staff have much to contribute to this effort, working cooperatively with other agencies and the local people concerned.

This publication offers information and ideas which may be useful to area resource development committee members and Extension workers as they work with other agencies and groups in the process of planning and carrying out area development projects.

THE NEED FOR DEVELOPMENT *

Americans are vitally interested in economic growth. Economic growth has become an important issue in recent years. It has been the concern of many editors, magazine writers, scholars and political leaders. Many local leaders are concerned about the large numbers of jobless; low farm income; limited opportunities for young people; decreasing business activity in many smaller towns; poor schools, health and public facilities. They are also concerned with the low consumption level of other economic and social goods and services which are part of an acceptable level-of-living.

This concern has resulted in the Area Redevelopment Act of 1961, the Manpower Development and Training Act of 1962, and the Public Works Acceleration Act of 1962. These are federally financed programs specifically directed toward increasing employment and stimulating economic growth. In almost every geographical area of the United States, there are opportunities for economic development--in those that are lagging and in those that are more economically active. Many thoughtful people recognize the importance of national growth to the prosperity of local areas, and the relationship of local prosperity to national growth.

Wide Variations Exist

Some regions have enjoyed greater prosperity and economic growth than others. Some have had an economic boom while others have suffered chronic unemployment and underemployment.

* Acknowledgements: This publication was prepared by Richard G. Ford, Resource Economist, Federal Extension Service, USDA; with assistance from Fred A. Mangum, Jr., Extension Economist, North Carolina State College; and E. J. Niederfrank, Rural Sociologist, Federal Extension Service, USDA; Rural Development Branch of the Economic Research Service, USDA; and with the counsel and assistance of many others in the USDA and in the Land-Grant Colleges and Universities. The publication draws upon the papers presented at a national workshop on Rural Areas Development, July 20-21, 1961, Washington, D.C., which was co-sponsored by the Federal Extension Service and the Agricultural Policy Institute of North Carolina State College. These workshop papers have been reproduced as a publication entitled "Educational Problems of an Economic Development Program." Additional materials, concepts, and ideas have been added in an attempt to present a more complete discussion.

Low incomes and depressed conditions are frequently concentrated in rural areas. Only one-third of the total U. S. population lives in rural areas, while over half of our low income families are located there. Within approximately 800, or one-fourth, of the Nation's counties are 25,000 or more small towns suffering prolonged economic deterioration. Many communities and smaller towns in some areas have been by-passed because they can no longer provide the goods and services required by a highly mechanized agriculture and a highly mobile society. Many people are moving out because they no longer provide satisfactory economic opportunities.

Many towns and individual businesses in rural areas have deteriorated or have been abandoned because of the migration of people and shifts in trade patterns. As deterioration continues, businesses in these towns have closed and job opportunities have continued to shrink. Lower educational levels, isolation, poor health, and other adverse social factors tend to reduce aspirations which contribute to economic stagnation. What are the potentials for the human and physical resources in such areas? Can they make the needed adjustments necessary for survival?

ECONOMIC GROWTH IS UNEVEN

There is considerable confusion about what is meant by economic growth and how to measure it accurately. Economic growth is generally defined as an increase in real income per person. This means that net economic growth must be at a faster rate than net population growth (i.e., adjusted for changes in the price level and population so that average purchasing power per person is higher.) The basic dollar figure is the Gross National Product* (GNP).

Recent Growth Rates

Between 1929 and 1957 GNP grew at the average annual rate of 2.9 percent. But when adjusted for population growth, for shifts, and for changes in the price level, the gross growth rate was only 1.7 percent -- about a third less. In comparing regions of the U. S. with the nation as a whole (U.S.=100), we find that the average annual Gross Product for New England (in real per person terms) was 76 percent of the U. S. average GNP; for the Mideast, 71 percent of the U. S. average; for the Great Lakes, 100 percent (same as the U. S. average); for the Plains, 124 percent; for the Southeast, 159 percent;

* Gross National Product is defined as: The total value at current market prices of all final goods and services produced by a nation's economy before deduction of depreciation charges and other allowances for businesses and institutional consumption of durable capital goods.

for the Southwest, 153 percent; for the Rocky Mountains, 112 percent; and for the far West, 76 percent.* Caution should be exercised in interpreting these figures: they indicate the growth that has taken place between regions since 1929. These figures do not mean that the areas of fastest growth (Southeast of 159 percent for example) have outgrown another area having a smaller percentage figure. Such figures are not comparisons of economic conditions, only the rate of growth. These statistics verify what many people have observed: that economic opportunities differ greatly between regions.

In spite of an 18.5 percent growth in total U. S. population during the 1950's, three States (Mississippi, Arkansas, West Virginia) declined in population and 14 other States grew by less than 10 percent; 16 States grew between 10 and 20 percent; 8 States grew between 20 and 30 percent; 3 grew between 30 and 40 percent; 2 grew between 40 and 50 percent and 4 States grew between 70 and 80 percent. Population changes by counties have been more pronounced: 190 counties lost 20 percent or more of their population during the past census period while 570 counties gained 20 percent or more.

Within agriculture, almost half of our 3,490,000 farm families had total incomes from all sources of less than \$2,500 in 1959.

Almost two-thirds of all our people and three-fourths of all manufacturing employees of the U. S. live in 213 Standard Metropolitan Statistical Areas,** and 85 percent of our population growth took place in those areas during the 1950's.

Wide variations in economic and social conditions among regions, with poverty concentrated in rural areas and jobs concentrated in cities, has brought about the realization that Federal, State, and local governments should work together with private organizations to bring

* Regional growth rates relative to the U. S. when not adjusted to population growth, for shifts, and for changes in the price level are as follows: New England, 69%; Mideast, 72%; Great Lakes, 97%; Plains, 90%; Southeast, 134%; Southwest, 138%; Rocky Mountain, 121% and the far West, 152%. See Edward F. Denison, "The Sources of Economic Growth in the United States and the Alternatives Before Us," 1962, Committee for Economic Development, New York, Table 1, page 9.

** Except for New England, a Standard Metropolitan Statistical Area is defined by the Bureau of the Budget as: a county or group of contiguous counties which contain at least one city of 50,000 inhabitants or more or "twin cities" with a combined population of at least 50,000. Such an area may cross state lines and be more or less than one county. Every city with a population of at least 50,000 is included in an SMSA. In New England, the population requirement for SMSA's is that the population density must be at least 100 persons per square mile. The area must be metropolitan in character and be socially and economically integrated with the central city.

about greater economic and social development on a broader basis.

Resource Development is Complex and Interdependent

Emphasis should be on total economic development; in many areas this is much more than improving agriculture. In most areas, consideration must be given to other segments of the economy. Seldom will satisfactory results be obtained by working exclusively with only one segment of the economy isolated from the total. Resource development programs may be for the purpose of encouraging economic family-sized farms, renewal of rural communities, new industrial and commercial enterprises, economic development of forestry, tourism and recreation, building better community facilities and greater opportunities for our youth. Such programs should be designed to broaden educational and vocational training opportunities for young people.

Any group concerned with area economic and social development may organize to work together to plan and to implement programs to stimulate economic activity. They should consider the resources of the area, the market for products or services, the costs, and the initiative and desires of local people. Opportunities will also depend on the local economic and social changes taking place, educational opportunities and the traditions and values of the people. A basic requirement for development in many areas is change--often drastic change. Some changes--perhaps the most fundamental ones--take place slowly. Others may come easily or not at all.

Above all, area resource development committees should remember that the prime object of economic development is to help people make the most of their abilities and of the area's economic and social potentials. Consequently, it is essential that economic development programs be initiated by local vigorous leadership in cooperation with Federal, State and local government agencies and private organizations.

UNDERSTANDING SOME BASIC CONCEPTS

In the early stages of planning, people interested in area resource development should study the interrelationships of political, social and economic forces which may affect or be affected by growth. To plan intelligently, they should understand the nature of these forces in terms of how they affect one another, their impact upon different groups in the area, and the extent to which they can be controlled locally, at the State level, or nationally. Here are some basic principles that need to be thoroughly understood.

1. An area's resources largely determine the kind of development possible. At first, economic development projects may rely mostly on local resources; as development proceeds, new resources may flow in, be created, or discovered, and exploited. However, the most fruitful activities, in many cases, will be in improving the economic advantage of the area's resources to the production of goods and services and its locational advantage in relation to markets for the goods and services it produces.

In addition, development depends on public and private services and facilities in the area. An area that contains good schools, adequate water and sewage facilities, up-to-date hospitals and clinics, modern transportation system, varied recreational and church facilities, growing financial institutions, etc., has an advantage over an area which does not.

2. More professional and skilled workers will be in demand as a result of technological advances but fewer farmers and unskilled workers will be needed. Investment in training and education should be accelerated to provide the types of workers needed in the future.

More than 10 million rural youths are expected to enter the labor force during the 1960's. Many will find themselves at an economic disadvantage unless they stay in school longer and prepare for skilled or professional occupations which are in growing demand. Opportunities for farmers and farm workers are estimated by the U. S. Department of Labor to be 17 percent less during the 1960's than during the 1950's. Unless an area provides attractive employment opportunities for the better trained youth, they will go where there is a demand for them.

3. Resource development should be broadly based and include the important economic, political, social, and institutional forces which shape the area. In many cases such forces radiate from large metropolitan centers and may cross many county lines. In such situations, planning which considers a trade center, including substantial industrial, transportation and commercial complexes may offer better and more varied development opportunities. Area wide thinking permits the programming of projects that have greater potentials and possibilities for increasing employment and incomes and for improving levels-of-living.

4. Impact of Nonfarm Growth in Agriculture. The rate of urban economic growth will influence the success of the area's development program because of the dependence of agriculture upon nonfarm economic activity.

Because of rapid technological changes in agriculture, slow expanding demand for farm products, sluggish response of production and consumption to price changes, the number of farmers needed to produce the Nation's food and fiber has steadily declined. In only a few areas can farming be expanded to employ more people. The trend is for each farm worker to use more land, machinery and other capital items, which results in more production and fewer workers, but in many cases higher income per worker.

5. Outside forces will influence the future of an area. Area development is likely to progress very slowly during a national recession when off-farm jobs are declining. Since conditions at State, national and even world levels affect local environments, many interrelated factors will need to be considered when planning area development programs. In recent years, the faster growth industries

have been in services, government and finance, insurance and real estate, while all manufacturing has declined somewhat. The largest increases in manufacturing employment for the United States as a whole have been in pulp paper and products, rubber products, electrical machinery, instruments and related products, and various miscellaneous items. The major declines have been in tobacco manufactures, textile mill products, and petroleum and coal products. However, different industries show growth and decline in different regions and States. Of primary concern will be an understanding of why certain industries in the area are declining and why some are expanding.

6. Goals of the people need to be realistic in terms of the current situation and the area's potentialities. The costs (economic and social) of achieving certain goals may be greater than the people of the area are willing to pay. Consequently, specific goals should be studied in relation to alternative goals in terms of costs and benefits expected from each.

Where the Committee finds that the goals, attitudes, and perspectives of the people are limited in relation to an understanding of the necessary changes that must be effected before certain basic problems can be solved, special attention should be given to an educational effort sufficiently in advance that will enlighten these people so that they will enthusiastically support specific projects. Economic development potential may be so limited in an area because of the absence or adverse combination of productive resources that the only realistic projects open to the area would be education and training. Such projects might be to improve and modernize the local educational system; step up industrial and commercial types of vocational training for young adults; and obtain Federal and State assistance to the unemployed and older adults whose skills are low paying and are becoming obsolete.

7. Many of our social and economic problems stem from the lack of economic opportunities. But as the result of economic development, many different types of adjustment problems will arise. For example, developing and using new technology is essential to economic growth, but it may bring about adjustment problems. Where new technology comes into use more rapidly than can be effectively applied, many workers may be thrown out of jobs which have become obsolete, and farmers may experience reduced incomes.

A high rate of national economic growth is vitally important if the free world is to successfully compete with communism and if we in the United States are to: (a) improve our levels-of-living, (b) compete for Western European markets, (c) absorb automation and technological developments without serious unemployment, and (d) help less developed countries strengthen their economies.

Our price system tends to operate impersonally according to supply and demand conditions. It does not guarantee "equality," "economic

justice," or "comparable incomes." Under certain conditions it may seem ruthless, especially when individuals are unable to adjust to changes brought about by shifts in economic growth. Under our democratic form of government, groups may organize to modify adverse effects. For example, anti-trust and minimum wage laws, unemployment compensation, social security, farm price-support programs, and various forms of aid are types of social action which modify the inequitable effects of our economic system.

The shifting of a resource (a man, a machine, a dollar, or an acre of land) to a more valuable use is essential to economic growth. The transfer of labor from farm to nonfarm jobs is an example, though this may bring about painful adjustment problems.

ORGANIZING FOR ECONOMIC DEVELOPMENT

An organization is a means of getting things done. Any area resource development organization should have challenging and important work to do as soon as possible after it is formed.

In planning and implementing their economic and social development program, development committees have at their disposal the combined technical skills of all USDA agencies and other cooperating Federal, State, and local agencies. Such development organizations should be designed to function so that the combined technical and professional resources available to the area are used in the most productive way in advancing the goals of people.

The character and performance of any development committee will be conditioned by the social structure of the area and by the desires, wants, education and attitudes of its membership. County and area extension agents will provide organizational and educational assistance and the USDA's technical action panel will provide technical assistance, as will other government and private groups.

General economic development takes planning and action at several different levels. Consequently, membership responsibilities should be flexible because of the dual nature of planning and action.

Here are some steps that leaders in various places have taken in forming an economic development organization. In the past a large number of these organizations were started at the county level, although by the time of this writing about 170 multi-county economic development committees have been established in the United States through assistance of the Cooperative Extension Service and members of the agricultural technical action panel. These steps are as follows:

- The idea of economic development and resource adjustment is discussed informally by a few county or area leaders with local extension workers, USDA representatives and other interested persons.

- . These leaders meet with a few others to gain better understanding; to develop more widespread interest; to draw up plans for organization; and to spearhead overall economic development in the county or area. Early in the planning and action phases of resource development, top leaders, rural and urban, are invited to assist. Extension workers usually help in all of these organizational phases assisted by the agricultural technical action panel.
- . At an early meeting of a still larger group of leaders of all interested groups and organizations and other concerned persons, the purpose of the program and functions of county or area committees are discussed. Such a committee need not necessarily be an entirely new organization. It may be built into one that already exists by expanding its functions and its membership to represent all interests. If a separate committee is formed, it should work closely with other development groups in the area, and should have membership from them. Avoid organizing on too small a geographic basis, certainly not less than a county and possibly several counties. Some study should be given to determining the true socio-economic area, then organizing accordingly. Usually it is best to involve persons who have broad viewpoints and whose interests will be broader than that of any given organization.
- . At later meetings, subcommittees are set up to attack special problem areas. Good committee members will know who other key leaders are in their area--the hierarchy of leadership, the power structure, and the decision-making officials.

Subcommittees might be Agriculture, Business and Industry, Tourism or Recreation, Community Facilities and Improvement, Education and Job Training, Family and Youth Development, and the like.

In setting up subcommittees, be sure each one is oriented toward a basic problem and not to a narrow specialized interest. Too many subcommittees working on narrow specialized subjects may obstruct broad planning on major and basic problems. Getting subcommittees established and working usually takes several meetings. Subcommittee members should constantly consult members of the agricultural technical action panel, other government agencies and other professional and informational resources as they collect and study data and make their plans for action.

Area-wide organization for economic development may be established in several ways:

It may be formed by first organizing at the area level, to undertake economic development on an area basis from the outset.

development organization, the area group being composed of selected delegates or representatives from each county's committee. However, the Area Redevelopment Administration is encouraging local areas to organize committees, develop OEDP's and conduct action programs.

In some instances, an area committee may be organized in recognition of the necessity to attack a special problem or project on an area basis larger than one county. As a result, the area committee becomes a special project group organized to plan and implement the action phase of area projects which are of concern to more than one county. Each county so interested in such special area projects participates in accordance with the county's development program through its representative(s) on the area committee.

Area resource development may be incorporated into the functions or program of an already existing area development association or council. This is the pattern being followed by a few States which have had an area organization for some years.

To supplement area economic development organizations, several area organizations may work together on a problem or subject-matter basis where each recognizes they have mutual development potentials but are too small to develop this potential alone. For example, for this particular need they might call themselves the Mill Valley Recreation Resource Development Committee.

In forming an area organization, special care should be taken in deciding upon the territory to include in the area. Consider both economic and social factors. Such measures as daily newspaper circulation, wholesale distribution, area of commuter employment, agency service areas, traffic flows, and major social activities are usually good indices. Counties having similar problems or similar conditions also should be considered when establishing an area resource development organization. In addition, consideration should be given to the nature of the population and how well the people are working or can work together; also the nature of the problems. Some problems may lend themselves to work on a larger area basis, while others may require smaller area treatment.

But above all, plan your development program on an area large enough so that you can deal with major problems and the basic conditions and develop the most significant resources. County and community groups can work on more specific aspects of all these as they pertain to their respective localities, as well as on smaller-scale problems that are of particular concern to them as individual counties or communities. But community and county economic development alone is not enough; only on a larger area basis can truly significant development be achieved.

SETTING UP THE DEVELOPMENT PROGRAM

The first major job of an area development committee will be to think through and prepare plans of action. Understanding the area's problems is basic to establishing objectives. Goals must be realistic. Ill-conceived projects that don't fit the area's potentials can lead only to frustration and disillusionment.

Because many problems are common to neighboring localities, committees should concern themselves with conditions in the overall area which limit total economic development of the area.

Committee members might consider the procedure below in setting up their program:

- . Study the national and regional forces which influence social and economic activity within the area.
- . Inventory and appraise the development potentials of the area's resources.
- . Analyze recent economic and social trends, and changes in the economy of the area.
- . List promising courses of action--encourage individuals and groups to submit ideas and projects.
- . Select specific development projects that (a) will have significant economic effect, (b) are consistent with existing resources and trends, and (c) are consistent with the attitudes, values and capabilities of the people.
- . Formulate and implement selected projects.

Technical Assistance

Leaders can get the technical help they will need from State and local agencies to make a systematic study and choose projects that are "most likely to succeed." Many USDA agencies provide financial and technical assistance under certain specific conditions.*

* If the economic development area contains part of an Area Redevelopment Area, P.L. 87-27, (Section 5(a) or 5(b) designated area), an Overall Economic Development Program (OEDP) must be submitted to the Area Redevelopment Administration for the redevelopment area portion if it desires to qualify for special financial and technical assistance provided under the Act. For further information on types of Federal services and financial assistance available to local communities see the publications listed at the end of this publication.

INVENTORY RESOURCES

Soon after it is organized the development committee should take a careful look at the area to understand its current situation, problems, and potentials.

Study the area--its geography, trade centers, transportation facilities, climate. How distant is it from sources of raw materials; from metropolitan centers; what is the potential market demand that may influence future development?

Inventory the resources of the area, since most economic activity is based upon them. Compile recent data plus data on earlier periods to establish changes and trends. Then establish a checklist* to see that no important topic is overlooked in the inventory. In establishing such a checklist, consider the relevancy of the following items:

The People

1. Sources of incomes and distribution.
2. Population characteristics, compared to rest of the nation, region and state.
 - a. Population characteristics such as migration patterns, job experiences, skills, community patterns, occupations, dependency ratio, etc.
 - b. Population changes by age, sex, and education, etc.
 - c. Proportions of total population in the labor force and those who are younger and older than the usual labor force.
 - d. Employment, by industry and by occupation.
 - e. The unemployed and underemployed--their possibilities.
 - f. Estimated unemployable population and causes.
 - g. Major organizations concerned with economic and social developments.
 - h. Other economic and social factors.

* For detailed assistance in preparing an economic development plan for a RAD area, see "Helping People to Help Themselves---In Country and In Towns," USDA, 1962.

Consider, too, the chief attitudes, values, hopes or goals of the people which may affect development and adjustment. Sometimes differences in status and opportunities lead to defeatism or lack of interest in development. In some places, education of young people may be valued higher than in others.

Natural Resources--Usually Rural

1. Non-agricultural
 - a. Minerals and fuels--location, quantity, extent and development.
 - b. Water--volume and quality of surface or ground water available (including rivers, lakes, and reservoirs).
 - c. Forestry--merchantability (acres by species, size, quality)
 - d. Fishing, wild life, game refuge (hunting)--type and extent.
 - e. Scenic--type and accessibility.
2. Agricultural
 - a. Soil characteristics and land capabilities.
 - b. Water resources and its availability for agriculture.
 - c. Major land use patterns.
 - d. Economic classes of farms.
 - e. Types of farms.
 - f. Value of investment per farm by type, by economic class showing value of farm buildings, equipment, and land.
 - g. Value of farm sales by commodities and purchased inputs.
 - h. Other relevant measures.

Man-made Resources--Usually Urban Centered

1. Power and water--nature of facilities, rates, capacity.
2. Transportation--extent and quality of highways, railroads, inland waterways, air.
3. Schools for youth and adults.

4. Health and welfare programs--amount and kind.
5. Agricultural marketing setup, including cooperatives--structure and area covered.
6. Wholesale and retail facilities--area coverage by type of firm.
7. Financial institutions.
 - a. Type and aggregate deposits.
 - b. Extent to which they are financing agricultural and nonagricultural firms.
 - c. Capacity and ability to finance local economic development.
8. Local government.
 - a. Structure and attitudes.
 - b. Tax rates, zoning, building codes, etc.
9. State and Federal Government--employees, payrolls, technical and other services.
10. Tourism and recreation--type and extent of development.
11. Manufacturing and commerce--dollar value to the local economy, manpower requirements, type, and products and services.
12. Dollar contributions to the local economy--payroll, retail and sales, farm sales.
13. Others.

The relative importance of each resource in a particular area depends largely upon the competitive relationship of each to the other as well as to their competitive relationship between different areas.

ANALYZING POTENTIALS

Analyzing the inventory of the area will reveal the important trends and changes taking place and will highlight local opportunities and limitations. Success of the committee in thinking through an enlightened program of resource development will largely depend upon their understanding of these trends and potentials. In some cases, it will be desirable for the committee to initiate action to speed up desirable changes while slowing down others.

The adequacy of public and vocational schools, of water and sewage facilities, of streets and other public facilities, and other resources and services should be interpreted in relation to changes in employment opportunities locally, regionally, and nationally.

What Are the Potentials?

Effective planning committees think ahead. What kind of world will we be living in 20 years from now? Which economic activities or industries have grown in recent years? What economic activities are likely to grow and succeed locally?

In assessing the area's potentials, look at future alternatives and make projections of their income earning capacity and employment possibilities. The purpose of projecting is not to predict the future, but to be in a position to influence the future in desired directions at the correct time.

The area's development potentials will be closely related to its resources. The analysis of the resource inventory should point up the opportunities. Some of the factors important to the location or to the expansion of economic enterprises are:

- (1) An industrial or service enterprise requires--
 - a. Raw materials in adequate volume and quality.
 - b. Enough demand for the product so that price and quantity relationships will offer good profits.
 - c. Adequate supply of laborers trained in the skills required.
 - d. Competitive wage rates.
 - e. Transportation--moving raw materials, personnel and the final product at competitive rates.
 - f. Capital--available locally or elsewhere, private and public.
 - g. Sites suitable for specific enterprises; zoning may be necessary.
 - h. Desires and attitudes of the people that favor and welcome the enterprise.
 - i. Competent managerial and technical personnel.
 - j. Equitable tax structure.

Much time and effort may be wasted in a broadside campaign to lure "industry to our town." Consider the requirements of specific industries and why they might locate in a particular area. What

advantage does this area have to offer a prospect?

Historically, industry has concentrated in urban areas and continues to do so. Some types of industry, such as agricultural processing and some raw materials users (e.g., some types of textiles in the Piedmont) are concentrated in rural areas or in urban-fringe areas. The decentralization that is taking place in industry is a shift from the central city to urban-fringe areas and satellite cities--but close enough to take advantage of specialized services provided by the central city. Total employment is continuing to concentrate in metropolitan areas--three-fourths of national employment is in 213 Standard Metropolitan Statistical Areas, up two percentage points since 1947.

Development groups seeking to attract industry should determine which types of industry have a preference for rural areas and the services and facilities they require. The area's ability to attract and support nonfarm industry depends on the services and facilities it can provide; its quantity, quality, location; the imagination and drive of enterprising citizens, and the competitive advantage of the area.

For each kind of industry or enterprise, consider the following factors for the area--

1. Costs of raw materials, labor, site, and transportation.
2. Size, structure, and location of market.
3. Employees' personal preferences for schools, churches, social and cultural activities of community life.

Smaller towns and cities may be more successful in attracting nonfarm types of industry:

1. If the industry's labor costs are normally a large proportion of its total costs;
2. If local raw materials are essential to the product;
3. If defense strategy dictates location distant from urban centers.
4. If the personal preferences of managerial personnel for rural locations are strong enough to override strict profit considerations.
5. If numbers employed per plant are small and type of employment does not require highly skilled workers.

There is a tendency for one industry in an area to create conditions favorable for a related industry. A manufactured product may be the raw material for a related industry. Also, with industrialization, the area attracts a reservoir of labor skills and experience which

another industry may use.

Such relationships help explain why industrial enterprises may develop in clusters, and why it is often very difficult or unwise to try to get certain types of industrial development started in new areas.

To overcome these natural disadvantages, the Committee will be called upon for imaginative thinking and much thoughtful study in developing a program and in realistically comparing alternatives.

(2) Agricultural development requires--

- a. Crop and/or livestock enterprises which are adaptable to soil, topography, water, climate and which have locational advantages which are related to costs and markets.
- b. Farming units of such size and organization as to be efficient producing units.
- c. Efficient pricing and marketing system.
- d. Suitable assembling, processing, storing and transporting facilities for supplies and products.
- e. Farmers having a high degree of managerial ability, especially in capital and credit use.

(3) Tourism and recreation require--

- a. Outdoor attractions--parks, lakes, rivers, scenery.
- b. Easy accessibility--good roads, parking, directional signs.
- c. Historic and cultural sites--battlefields, museums, monuments, etc.
- d. Facilities--amphitheaters, auditoriums, highway systems, ski lifts, camp sites, hotels, motels, restaurants, etc.
- e. Location--nearness to other recreation spots, potential customers, etc.
- f. Space--enough land available for type of development anticipated.
- g. Competent business people who know how to serve the public and how to manage related enterprises.

Modern schools, roads, public utilities, local government, etc., are essential to economic development. Improvements in these "social overhead" items may require first priority because businessmen often will not locate where they are not available. How well can your area provide the social overhead items required by progressive businessmen and modern economic development?

SELECT PROJECTS

In selecting projects, committee members should keep in mind that there are three ways to increase incomes in any area. They are:

- . Increase the number of nonfarm jobs in the area which pay more than a substantial number of the people now earn.
- . Add to, or recombine and improve the use of resources in the area so that workers and owners may earn higher incomes (including farming, industry, forestry, etc.).
- . Assist those people who so desire to transfer to better jobs.

They should study costs and benefits very carefully. Many people other than those earning wages and salaries will benefit from sound economic and social development. Eventually, certain costs must be borne by the public if extensive public services are provided. Often, the initial cost of the plant or installation itself is a small portion of total cost--public and private.

Take extreme care in selecting projects. Extra attention and study should be given to determine those projects that will open varied potentialities for the area--that will form a broad base from which many types of specific projects can emerge, such as water, education, forestry, etc.

LEVELS OF DECISION

The area development committee or organization is one of five major decision-making and action-taking groups involved in resource development. These groups are in a position to make specific types of decisions and to authorize other decisions and actions. They can also induce other people to act on projects.

The five are: (1) individuals or the family, (2) county and municipal officials or groups, (3) area resource development groups, (4) State officials and organizations, and (5) Federal agencies.

Each group operates effectively within its own "sphere of influence" and is usually effective only in that sphere. For example, well organized community action throughout a county would be essential to conduct a successful countywide soil testing campaign. But it is unlikely that a single county would succeed if it attempted a

river basin development program. Also, to obtain industrial, forestry or recreational development in an area may require training programs on an area basis (multi-county) to obtain enough skilled labor. One of the responsibilities of local, State and Federal agencies is to coordinate assistance from public and private groups.

Decision at the Individual or Family Level

The success of an area development program depends upon the desires of local people to make adjustments in the use of their resources. Local people must understand not only "what is in it for me" but also its basic purpose and how they and others in the area may benefit indirectly from a development program. They must understand if they are to cooperate wholeheartedly. Area development assumes that by solving area problems individuals will have greater opportunities. Decisions at this level are relatively narrow in scope--primarily a matter of the individual's deciding to do that which he can carry out by himself and deciding whether he will or will not participate in group action.

Decisions At the Municipal and County Level

Local governments materially influence certain types of economic development. They levy taxes, issue bonds, enforce zoning, and invest in community facilities, such as water and sewage facilities, hospitals, schools, and roads. They can also sponsor renewal and irrigation projects, conservation, industrialization, recreation and other types of local development.

The smallness of their resource base and geographical area limits most towns' and counties' ability to carry out development programs. Towns and counties depend on the economic and social forces of the region, over which they usually have little control.

Decisions At the Area Level

The larger towns, cities or trade centers draw upon the surrounding area for labor, food, raw materials, and other supplies. These areas usually contain a complex of transportation, power, water, sewage, communications, and financing facilities of great economic value in addition to social, religious, and cultural groups. Here is a reservoir of diverse skills and proven leadership.

The economic area is usually larger than a single county or city. It contains more resources and if already growing is more likely to continue growing.

Most trade areas have no taxing or spending powers other than those of the counties and towns which are a part of them. Some States have overcome this limitation with laws permitting counties to set up tax supported economic development commissions and staffs which may be jointly financed by several local government units. Under

certain conditions, Federal matching funds are available for various types of study and planning activities through state planning and development agencies.

Decisions at the State Level

States are large enough and have sufficient financial and economic resources to support well-balanced area development programs. They have a broad tax base, and leaders and officials are in a position to look broadly at the area's potentials. Examples of State level decisions are those affecting roads, parks, taxation and zoning.

Decisions at the Federal Level

The Federal government is providing assistance to area development groups through the Rural Areas Development program, the Area Redevelopment Act, the Housing and Home Finance Agency and other departments and agencies.

Under the Area Redevelopment Act (P.L. 87-27) the Area Redevelopment Administration will finance technical aid and make loans and/or grants to local development organizations when they meet specified conditions. They may use this to help finance new industrial and commercial enterprises; public facilities; guide the retraining of unemployed local labor; study market potentials for products and services; assist in developing recreation areas and public works projects; conduct mineral exploration and appraisal, etc.

Late in 1962 the "Public Works Acceleration Act" and "The Food and Agriculture Act of 1962" were passed, providing new authorities for resource development. The Accelerated Public Works program provides funds which, under certain conditions, may be used to construct water and sewage facilities, roads and streets, forest roads and trails, and forest stand improvement. (Schools are excluded).

The Food and Agriculture Act of 1962 authorizes the Farmers Home Administration of the USDA to make loans for recreational development and facilities to individual farmers and to associations serving farmers and other rural people. It also gives new impetus to the conservation of land and water resources, flood prevention, development of local water supplies, and the multiple use of farm lands.

WORKING WITH PEOPLE

Local Initiative

The initiative, drive, attitude and imagination of local leaders will determine success. Conflicts and honest differences of opinions will occur. Solutions will not be obvious or easy. It will take hard work, tolerance and compromise.

There will be hard questions with difficult answers. The Committee will need technical help from many professional sources. Representatives of government, universities, foundations, and other organizations are available on a wide range of topics, at little or no cost to area development groups. The agricultural technical action panels stand particularly ready to assist Rural Areas Development groups at all stages of planning and implementation.

The Committee should make a special effort to include resource people at all stages of planning and action.

Motivating People

The development committee will need to motivate many people to give active support. All people are motivated by basic desires, such as the desire for a feeling of security, for recognition, for community approval, and for new experiences. Certain felt economic needs and goals can motivate interest and action.

These desires can be fulfilled in many ways. Early involvement in the program, participation, and being given specific responsibilities are steps that help motivate both individual leaders and organizations to cooperate.

"Action" leaders are people who will follow up on development plans--people who can make definite commitments and see that specific jobs are done. These leaders also should be involved in the study and planning phases so they will be informed, enthusiastic, and committed to the objectives of the area development program.

Here is a checklist for initiating action and motivating leaders.

- . Select leaders carefully for the jobs they are expected to perform. This may require education of the citizenry who choose their leaders.
- . Define clearly the purposes of work to be done, then provide for continual review, and revise plans as work progresses.
- . Define each assigned task and make clear what is to be done, e.g., what facts and information are to be assembled, what possibilities are to be explored, and the action or reports expected.
- . Clearly define roles and responsibilities of persons, committees, and groups.
- . Subdivide the big tasks into manageable jobs, set up priorities, and delegate responsibilities accordingly.

- . Train leadership as program proceeds.
- . Encourage use of technical resource persons. This assures quality and follow-through on assignments.
- . Plan agenda for meetings so that time is spent on important decisions.
- . Keep good records and evaluate results; review accomplishments from time to time.
- . Keep interested leaders and the general public informed through periodic feature articles, newsletters, etc.

To get the support of a leader, the "right" person should approach him properly, offer him a specific job to do and give him freedom of action. A certain amount of personal follow-up will be needed to assist and encourage him.

Be aware of the particular values, attitudes and opinions of the different segments of the population that are affected by economic development. It is essential to gain community support, including both majority and minority groups. It is frequently more effective to include influential opposition in the group than to exclude them, because as they become involved and gain understanding and are given responsibilities, they become supporters.

Make sure that program proposals are based upon felt needs of the people--supported by facts which indicate capabilities and potentials they understand. In addition, the committee should recognize that they will need to assist people to recognize and to appreciate unfelt needs which often are basic to economic development and the fulfillment of more tangible goods and desires. Keep the public informed about the Committee's activities and program accomplishments, for this also has important motivating value. Economic development programs should reflect the work plans of all participating agencies and reflect the contribution which each will make to overall economic and social development.

Obstacles

The Committee will encounter many obstacles. This is inevitable because people have different values and goals; opinions differ and many will resist change. The Committee, by encouraging new approaches and new ideas which bring about changes, will have many obstacles thrown in its path by well-intentioned people. Anticipate these obstacles.

Some individuals will oppose certain projects and actions because they see a possible conflict of interests. These obstacles may be difficult to overcome because of personalities and emotion rather than a sound interpretation of the facts.

There will be indifference and lack of positive enthusiasm by some because of misunderstandings and different values. Many people will be indifferent simply because they do not understand how or why a particular situation or condition affects them or why or what must be done to effect a solution. As the Committee becomes involved in broader problems, it will recognize that the solution to some of the area's problems lies outside the area and that often many individuals are victims of conditions which cannot be solved within it. Consequently, the Committee may need to explore the possibility of looking to a larger area for solutions to these broader problems.

The extent to which obstacles can be anticipated, and appropriate action taken to prevent their occurrence or to neutralize their negative effects, will add immeasurably to the effectiveness and progress of the development program.

Members of the Committees should recognize situations where public interests conflict with personal interests. Sometimes conflicts will be resolved in the process of deciding on the development program. It may be possible to keep the planning on a tentative basis for a while in order to give time for learning, thinking and reasoning.

SOURCES OF HELP

Resource development committees can get important help through the Rural Areas Development program from the U. S. Department of Agriculture and cooperating State and federal agencies. Here are some types of help and the USDA agencies with local representatives who can assist:

The Extension Service helps in organizing rural areas development committees; gives educational leadership in analyzing needs, resources, and development potentials of the area; and assists in putting the program in action. Through colleges and universities, it can make available many kinds of technical assistance.

The Farmers Home Administration provides leadership in the organization and operation of State, area, and county technical action panels. These panels, which include representatives of USDA and other federal and state agencies, furnish technical assistance to Rural Areas Development Committees and other groups in planning and carrying out overall economic development programs in rural areas. The Farmers Home Administration makes loans for farm operation, farm ownership, soil and water conservation, forestry, recreation enterprises, small watershed projects, irrigation, drainage, domestic water supplies, rural housing, labor housing and rental housing for senior citizens. It provides technical assistance, credit counseling, guidance and supervision as needed to achieve the purposes for which loans are made.

See the Rural Electrification Administration for technical help and counsel on industrial and commercial development in ARA-designated rural areas and through REA-financed rural electric and telephone systems elsewhere; loans to finance plumbing facilities, wiring, and electrical equipment, including machinery, on lines of REA-financed electric systems.

The Soil Conservation Service is responsible for developing and carrying out a national program of conservation for land and water resources. The central objective is an integrated system of land use and conservation treatment in harmony with the capability and needs of the land. It works in virtually every county in the country through a variety of responsibilities including soil conservation districts, small watershed organizations, the National Cooperative Soil Survey, the Great Plains Program, Resource Conservation and Development Projects and assistance in establishing income-producing recreation enterprises. It serves as co-chairman of technical action panels.

The Office of Rural Areas Development was created to expedite the application and use of the resources of all agencies in the Department of Agriculture and elsewhere that can contribute to the rural areas development program. It shall also provide leadership and initiative in the formulation of current and long range rural areas development policies and programs for the Department of Agriculture. It also performs liaison work with the Area Redevelopment Administration.

The Forest Service can provide technical assistance in growing forest products, developing forest resources, forest industries, and in multiple use management of family forests.

See Agricultural Stabilization and Conservation Service for assistance in cost-sharing programs for conserving and developing land resources in land use adjustments essential to economic stability; price supports, storage facilities; proposals for utilizing farm commodities; and information on fullest use of production potentials in low income areas.

In addition, the following USDA agencies can give assistance with research which may be useful to the committee: Economic Research Service, Farmer Cooperative Service, Agricultural Marketing Service, Agricultural Research Service, Statistical Reporting Service, and the Cooperative Experiment Station Service.

Other Sources Will Help--

Other U. S. public agencies which can also contribute important services in some fields include: Area Redevelopment Administration, U. S. Department of Commerce; U. S. Small Business Administration; U. S. Department of the Interior; and the Community Facilities Administration of the U. S. Housing and Home Finance Agency.

Publications that will help are:

The U. S. Department of the Interior booklet, "Resources in Redevelopment;"

"HHFA Aids to Communities in Area Redevelopment," by the Housing and Home Finance Agency;

The U. S. Department of Commerce "Handbook of Federal Aids to Communities;"

"Preparing and OEDP...A Suggested Outline For RAD," USDA, September 1962;

"Planning For New Growth...New Jobs," U. S. Department of Commerce (Area Redevelopment Administration publication no. 62-A);

"Pegs for Rural Progress," USDA, plus supplement;

"Forest Recreation For Profit," USDA, Forest Service, August 1962;

"Rural Recreation...a new family farm business," (Report of a Task Force, September 1962), USDA;

"Public Works Acceleration Act," (P.L. 87-658) September 14, 1962;

"Food and Agricultural Act of 1962," (P.L. 87-703) September 27, 1962; and

"Financing Your Economic Development Under the Area Redevelopment Act," U. S. Department of Commerce, Area Redevelopment Administration, August 1961.

In addition, especially do not overlook State and county resources. In many cases the following groups and individuals can render invaluable assistance: State and county departments of education, State and county development commissions, State forestry and wildlife departments, highway departments, planning or zoning authorities, State and county employment security offices, State, area and county agricultural technical action panels, soil and water conservation and conservancy districts, and public welfare departments.

It is especially important to also involve private resources, such as newspapers, chambers of commerce, credit institutions, and prominent civic organizations. Resource development and adjustment is a continuing function that needs the assistance of all who have a contribution to make.

Cooperative Extension Work: United States Department of Agriculture
and State Land-Grant Colleges and Universities
Cooperating.

